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District of Arizona*

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PHOENIX CORPORATE CONTRACTOR PLEADS GUILTY TO TAX OFFENSES

Falsely obtained over \$245,000 in undeserved tax refunds

PHOENIX – Brent L. Ainsworth, 59, of Tempe, Ariz. pleaded guilty yesterday to an Information, a type of federal charging document. Ainsworth is charged with two counts of False, Fictitious and Fraudulent Claims and admitted to filing a total of 32 false claims on behalf of 12 taxpayers in order to obtain \$245,677 in refunds that they were not entitled to.

In October 2003, Ainsworth was an independent contractor for a corporation that offered to review previously filed tax returns for potential additional refunds. According to the Information, Ainsworth presented a false claim based upon fabricated or nonexistent deductions to the Internal Revenue Service (IRS) for a tax refund on behalf of two taxpayers. The Information indicated Ainsworth prepared amended personal and corporate 2000 year returns listing over \$136,000 in fraudulent expenses. These amended returns resulted in a refund payment to the taxpayers in the amount of \$63,564.41, which included payments for interest and an abatement for interest assessed.

The Information also indicates in February 2004, Ainsworth again presented a false claim based upon fabricated or nonexistent deductions to the IRS for a tax refund on behalf of two additional taxpayers. The Information indicated Ainsworth prepared an amended personal 2002 year return listing fraudulent expenses for travel, education, office supplies and communication expenses. These amended returns resulted in a refund payment to the taxpayers in the amount of \$2,467.47, which also included payments for interest.

The Plea Agreement states that from May 28, 2003 to about February 12, 2004 Ainsworth presented 30 additional claims to the IRS on behalf of 10 individual and corporate entities resulting in additional refund payments by the government in the amount of \$179,645.57 for the years 2000, 2001 and 2002. Along with the actual refund payments detailed in counts 1 and 2 of the Information, the total actual loss to the government for these claims was \$245,677.45.

U.S. Attorney Daniel G. Knauss stated that “The victims of tax crime include a broad spectrum of everyday tax-paying Americans who are affected because of those who try to take advantage of the system.”

Andrea Whelan, Special Agent in Charge of the IRS Criminal Investigation Division,

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Phoenix Field Office, stated: "The Criminal Investigation Division strives to protect the Federal government's revenue by investigating and recommending the prosecution of unscrupulous return preparers, who seek to abuse the tax system in this way. Not only do these crimes hurt honest, tax-paying American citizens, they can ultimately cause great distress to the clients, who initially received illegitimate tax refunds. Because the filers of the returns are ultimately accountable for their tax returns, they are responsible for repaying the refund amounts, to which they were not entitled - likely with substantial penalties and/or interest."

Each conviction for False, Fictitious and Fraudulent Claims carries a maximum penalty of five years in prison, a \$250,000 fine or both. Sentencing is set for Monday, February 11, 2008, at 9:00 a.m., before U.S. District Judge Roslyn O. Silver. In determining an actual sentence, Judge Silver will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

The investigation preceding the indictment was conducted by special agents of the Internal Revenue Service Criminal Investigation Division. The prosecution is being handled by Frederick A. Battista, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: WI-07-243-PHC-ROS
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